

# EXHIBIT 20

## HNB Investment Corp.

225 HIGH RIDGE ROAD, SUITE 300 WEST, STAMFORD, CT 06905 • TELEPHONE (203) 348-1350

### VIA EMAIL AND OVERNIGHT COURIER

November 21, 2016

National Railroad Passenger Corporation  
60 Massachusetts Avenue, NE  
Washington, DC 20002  
Attention: Michael McGee  
Senior Vice President and Treasurer

Re: Lease of Railroad Equipment

Ladies and Gentlemen:

Reference is made to the (i) Participation Agreement, dated as of November 6, 2000 (as amended and supplemented (the "Participation Agreement")) among National Railroad Passenger Corporation ("Amtrak"), HNB Investment Corp. ("Owner Participant"), Export Development Corporation ("Loan Participant"), AllFirst Bank ("Indenture Trustee"), Wilmington Trust Company, in its individual capacity only to the extent expressly stated therein and Amtrak Trust HS-EDC-1 ("Lessor") and (ii) the Lease of Railroad Equipment, dated as of November 6, 2000 (as amended and supplemented (the "Lease")) between Lessor and Amtrak relating to the lease of Dual Cab, High-Horsepower Electric Locomotives (the "Locomotives") and High-Speed Trainsets. All capitalized terms used but not defined herein shall have the respective meanings ascribed thereto in the Participation Agreement.

Owner Participant has learned from Amtrak's website<sup>1</sup> and from other published reports that Amtrak made the determination as early as 2012 to retire the Locomotives due to reliability problems and correspondingly high per capita maintenance costs. That determination by Amtrak constitutes a Casualty Occurrence under Section 7 of the Lease. Amtrak was required to notify Owner Participant within 30 days after such determination whether it intended to substitute Replacement Units for the retired Locomotives or pay the Casualty Value and the other amounts due under Section 7.3 of the Lease. Section 7.1 of the Lease provides that Amtrak's failure to provide such notice constitutes an election to proceed in accordance with Section 7.3 to pay the Casualty Value and other amounts due thereunder on the applicable Casualty Value Determination Dates. Since the Locomotives were no longer listed as Active Units as of October 1, 2014 in Amtrak's FY 2015 Budget and Business Plan<sup>2</sup>, all amounts due under Section 7.3 of the Lease, including Casualty Value, should have been paid not later than early in 2015.

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<sup>1</sup> Pages 24 and 25 of Amtrak's 2012 Fleet Strategy are attached.

<sup>2</sup> Page 23 of Amtrak's FY 2015 Budget and Business Plan is attached.

In addition, Owner Participant must assume that the failure to keep the Locomotives in service is an indication that the Locomotives are no longer being maintained in accordance with the requirements of Section 12 of the Lease.


As Owner Participant, we have made numerous attempts to call and email you to address the above matters but have received no response. If we do not hear from you by December 2, 2016 we will instruct the Owner Trustee to send you the notice of Lease Event of Default and Lease Default in the form of the attached letter.

We hope to hear from you prior to December 2, 2016 so that we can discuss a mutually acceptable resolution, including an early election of the EBO Purchase Option with respect to all Equipment Owner Participant has under lease to Amtrak, so that we may avoid the necessity of sending you the attached notice and exercising our remedies under the Lease, the Equity Guarantee Agreement and/or Applicable Law.

Please contact Alex Russo at telephone number (203) 708-8204 or by electronic mail at [Alex.Russo@us.pm.com](mailto:Alex.Russo@us.pm.com) to discuss the foregoing.

Sincerely,

HNB Investment Corp.

By: 

Name: Alex T. Russo

Title: Vice President

Encs.

cc: Reuben Vabner  
Senior Director, Corporate Finance  
National Railroad Passenger Corporation  
[VabnerR@amtrak.com](mailto:VabnerR@amtrak.com)

Jill M. Himmer  
Associate General Counsel  
National Railroad Passenger Corporation  
[Jill.Himmer@amtrak.com](mailto:Jill.Himmer@amtrak.com)

## 7. Current Fleet Issues

Amtrak faces two (2) major fleet issues at present. These are:

### 1. Age Profile –

- The average age of the Amtrak fleet is just over 28 years. Several car types have exceeded their commercial life and are in need of replacement. Many more are approaching the point where they will require replacement. Because we intend to aggressively pursue new equipment procurement in more significant quantities, there will be a requirement to sustain aging equipment in service as the replacement process begins. Amtrak has the ability to achieve this by sustaining the current fleet during the transition and beyond to accommodate growth by selectively retaining the most serviceable equipment from the existing fleet.



Figure 10: Amfleet II Coach, primarily used on long distance services

### 2. Capacity –

- Amtrak's core services have seen significant ridership growth while the state supported services have also seen both substantial ridership growth and increases in service levels. In the short term, these needs have been met by returning stored and wreck/damaged equipment to service. Ridership on Amtrak's core services is expected to increase with current service patterns, and would grow even more with increased service.
- Growth in demand for service is already apparent. Consequently, we will need to expand capacity as we replace equipment. Whether this is addressed through a "cascade" mechanism or whether new equipment will be allocated to new or growth services is a decision to be made at the time, based on service demands, the equipment support and use considerations and the funding sources (and volumes) that are being utilized to deliver the services.
- Reliability of the electric locomotive fleet remains a critical issue for NEC service. The three (3) types of locomotive in service (AEM-7 DC, AEM-7 AC and HHP-8) all have reliability issues. However, with the incoming delivery of the 70 new electric locomotives beginning in FY2013, a plan is now place to create



Figure 11: HHP-8 electric locomotive





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a single homogenous fleet of modern electric locomotives. This will displace the existing locomotives, including the HHP-8s which are relatively new. Various alternatives, including the retention of a reserve fleet, are under consideration.

**Locomotives**

Equipment Type	Active Units 10/1/2014	Year Started in Service	Average Age in 2015	Average Mileage	Notes
P32	18	1991	23 Years	2,138,000	
P32DM	17	1995 - 1998	18 Years	1,960,000	
P40	16	1993	21 Years	2,585,000	
P42	193	1996 - 2001	15 Years	2,752,000	
F59PHI	21	1998	16 Years	1,856,000	
AEM-7	39	1980 - 1988	32 Years	4,327,000	
HHP-8	0	1999 - 2001	14 Years	1,379,000	
ACS-64	22	2014	0 Years	14,000	
California Diesels	17	1991 - 2001	18 Years	1,957,000	(i)
North Carolina Diesels	6	1988 - 1998	23 Years	415,000	(i)
Switchers	50	1950 - 2013	36 Years	N/A	
<b>Total</b>	<b>399</b>				

(i) California and North Carolina diesel locomotives are not Amtrak-owned

**Trainsets**

Equipment Type	Active Sets 10/1/2014	Year Started in Service	Average Age in 2015	Average Mileage	Notes
Acela	20	2000	14 Years	2,125,000	(j)
Cascades Service	7	1999 - 2013	11 Years	2,326,000	(k)

(j) 20 Trainsets = 40 power cars; 120 trailer cars plus one (1) non-revenue track geometry car

(k) Washington State owns 3 trainsets, Oregon DOT owns 2 trainsets, Amtrak own 2 trainsets

[Letterhead of Wilmington Trust Company]

December 2, 2016

National Railroad Passenger Corporation  
60 Massachusetts Avenue, NE  
Washington, DC 20002  
Attention: Michael McGee  
Senior Vice President and Treasurer

Re: Lease Event of Default and Lease Default

Ladies and Gentlemen:

Reference is made to (i) Lease of Railroad Equipment, dated as of November 6, 2000 (as amended and supplemented (the "Lease")) between Amtrak Trust HS-EDC-1 ("Lessor") and National Railroad Passenger Corporation ("Amtrak") relating to the lease of Dual Cab, High-Horsepower Electric Locomotives (the "Locomotives") and High-Speed Trainsets and (ii) the Casualty Occurrence that has occurred under Section 7 of the Lease with respect to each of the Locomotives that Amtrak has retired from service. All capitalized terms used but not defined herein shall have the respective meanings ascribed thereto in the Lease.

Lessor hereby notifies Amtrak that a Lease Event of Default under Section 13.1(i) of the Lease has occurred and is continuing with respect to Amtrak's failure to pay Casualty Value within 5 Business Days of the respective Casualty Value Determination Dates for each of the Locomotives that it has retired from service.

Lessor hereby notifies Amtrak that a Lease Default exists under Section 12 and Section 15.2(iii)(b) of the Lease with respect to Amtrak's failure to maintain the Locomotives in accordance with the provisions of Section 12 of the Lease and this letter shall constitute notice under Section 13.1(v) of the Lease.

This notice shall not constitute a waiver of any other right, power or remedy available to Lessor or Owner Participant under the Lease, any other Operative Document, including, without limitation, the Equity Guarantee Agreement or Applicable Law.

AMTRAK TRUST HS-EDC-1

By: Wilmington Trust Company  
not in its individual capacity, but solely as  
Owner Trustee, Lessor

By: \_\_\_\_\_

Name:

Title:

cc: Alex Russo  
Vice President  
HNB Investment Corp.  
[Alex.Russo@us.pm.com](mailto:Alex.Russo@us.pm.com)

Reuben Vabner  
Senior Director, Corporate Finance  
National Railroad Passenger Corporation  
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